State of California
DEPARTMENT OF TRANSPORTATION

Business, Transportation and Housing Agency

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: March 12-13, 2008

Reference No.: 2.5e.
Action Item

PASSED BY CTC MAR 12 2008 CALIFORNIA TRANSPORTATION COMMISSION

From: CINDY McKIM
Chief Financial Officer

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Transportation Programming

Subject: **ALLOCATION FOR SUPPLEMENTAL FUNDS FOR PREVIOUSLY VOTED PROJECTS RESOLUTION FA-07-09**

RECOMMENDATION:

The Department of Transportation (Department) recommends that the California Transportation Commission (Commission) approve Resolution FA-07-09, allocating an additional $5,300 for the State Highway Operation and Protection Program (SHOPP) project identified below.

ISSUE:

Additional funds are needed for a previously approved Minor B project in order to close out the contract.

RESOLUTION:

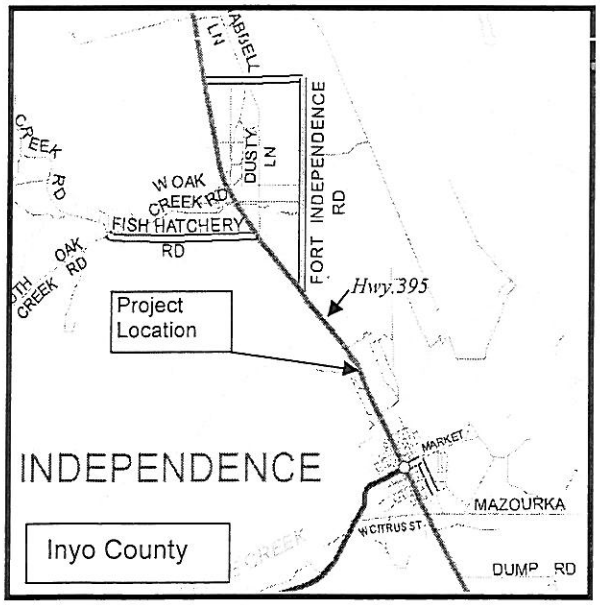
Resolved, that $5,300 be allocated from the Budget Act of 2006, Budget Act Items 2660-303-0042 to provide additional funds for the project identified below.

Project	Dist-Co-Rte	Original Sub-allocated Amount	Original Award Amount	Current Allocation	Allocation Adjustment	Revised Allocation	% Increase Above Current Allocation
1	09-Iny-395	$131,000	$144,100	$144,100	$5,300	$149,400	3.7%

Project # / Allocation Amount / Recipient / County / Dist-Co-Rte / Postmile	Location / Project Description / Reason for Supplemental Funds	EA / PPNO / Budget Year / Prgm Codes / Program	State Federal Current Budget Amount	State Federal Additional Allocation	State Federal Revised Total Amount
2.5e. Supplemental Funds for Previously Voted Projects					**Resolution FA-07-09**
1 $5,300 Department of Transportation Inyo 09S-Iny-395 73.85	In Independence, at the Independence Maintenance Station. Supplemental funds are needed to closeout project.	335601 09-Minor B 2006-07 303-0042 20.20.201.352 SHOPP	$144,100	$5,300	$149,400
			$144,100	$5,300	$149,400

RECOMMENDATION:

The Department recommends that this request for $5,300 be approved to allow the Department to close out the construction contract.



PROJECT DESCRIPTION:

The project is located on Route 395 in the town of Independence at the Department's existing maintenance station. Construction of a new mechanics shop/truck shed at the site was completed in December 2006 with a prior contract. However, the fire suppression system for the new building could not be activated at the time of construction completion because of unforeseen complications regarding sufficient water pressure. As a result, Department staff could not occupy the new building. A Minor B construction contract was awarded in June 2007 to construct a new water supply line for the station and make the fire suppression system operable. Work for this project has been completed. Final payment to the contractor is outstanding pending necessary supplemental funds for the contract.

FUNDING STATUS:

This Minor B SHOPP project was awarded in June 2007 for $144,100 using the adjustment construction expenditure authority of 110 percent of the Minor B limit. Commission Resolution G-05-05 authorized the Department to sub-allocate the lump sum Minor Construction Program funds to individual Minor B projects. Furthermore, the Department is authorized to increase individual project construction allocations to allow the advertisement, award and completion of contracts. For Minor B projects, the Department may adjust the funds sub-allocated for construction provided that the adjustment does not exceed 110 percent of the Minor B limit. The Minor B project construction limit was $131,000 at the time of award for this project. Due to changes during construction, an additional $5,300 in supplemental funds is needed to close out the contract. This request for supplemental funds results in an overall increase of 3.7 percent over the current allocation.

REASONS FOR COST INCREASE:

The project cost increase is due to unexpected existing buried utilities and necessary water pipe work to keep the existing water system intact during construction. The unexpected buried utilities slowed trenching and equipment installation work leading to increased flagging time and costs while working in and near the highway. Project contingencies were insufficient to fund necessary contract project changes during construction.

FUNDING OPTIONS:

OPTION A: Approve this request for supplemental funds, as presented above, for $5,300 to close out the current construction contract.

OPTION B: Deny this request and allow the contractor to pursue contract claims through legal action.

RECOMMENDED OPTION:

The Department recommends that this request of $5,300, as presented in Option A above, be approved to allow the current construction contract to be closed out.